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FM AMEMBASSY RANGOON

TO RUEHC/SECSTATE WASHDC 7160

RUCNASE/ASEAN MEMBER COLLECTIVE

RUEHB/AMEMBASSY BEIJING 1723

RUEHB/AMEMBASSY CANBERRA 0891

RUEHK/AMEMBASSY DHAKA 4760

RUEHN/AMEMBASSY NEW DELHI 4451

RUEHUL/AMEMBASSY SEOUL 7982

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RUEHVI/AMEMBASSY VIENNA 0109

RUEHCN/AMCONSUL CHENGDU 1345

RUEHCHI/AMCONSUL CHIANG MAI 1373

RUEHCI/AMCONSUL KOLKATA 0212

RUEAUSA/DEPT OF HHS WASHDC

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RHHMUNA/CDR USPACOM HONOLULU HI

RUEHPH/CDC ATLANTA GA

RUCLRFA/USDA WASHDC

RUEHRC/USDA FAS WASHDC

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RUEKJCS/Joint STAFF WASHDC

UNCLAS SECTION 01 OF 03 RANGOON 000102

SIPDIS

SENSITIVE

SIPDIS

DEPT FOR EAP/MLS, G/AIAG

PACOM FOR FPA

USDA FOR FAS/PECAD, FAS/CNMP, FAS/AAD, APHIS;

BANGKOK FOR USAID: JMACARTHUR, APHIS:NCARDENAS, REO:JWALLER

E.O. 12958:N/A

TAGS: [EAGR](#) [EAID](#) [SENV](#) [PGOV](#) [PREL](#) [BIO](#) [KFLU](#) [BM](#)

SUBJECT: BURMA: ECONOMIC IMPACT OF AVIAN INFLUENZA

REF: A) Rangoon 91 B) 07 Rangoon 738

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¶1. (SBU) Summary. Since March 2006, the Burmese Government has responded to ten avian influenza outbreaks throughout the country, with one human infection case. Responding to these outbreaks, the Livestock Veterinary and Breeding Department (LBVD) culled more than 430,000 chickens, 357,000 quail, 98,000 chicken eggs, and 76,000 quail eggs, most of which were owned by private farmers. The total value of the culled products totaled almost 1 billion kyat, or approximately \$740,000. The Burmese Government, due to lack of funding, does not have a comprehensive compensation plan. In 2006, the GOB compensated a majority of the farmers with day-old chicks, low-cost loans, or cell phones. However, the number of compensation packages in 2007 dropped dramatically, and military farms received many of the cell phones and day-old chicks. Burmese farmers continue to struggle with the financial implications of AI outbreaks, and the GOB appears unwilling to improve compensation packages in 2008. End Summary.

Compiling the Data

¶2. (SBU) Burma's first recorded outbreak of avian influenza (AI) occurred in March 2006. Since then, the Burmese Government has responded to nine additional outbreaks in four divisions (Mandalay, Rangoon, Sagaing, and Bago) and two states (Mon and Shan). With each new outbreak, the Livestock Breeding and Veterinary Department (LBVD), which is responsible for animal health issues, and the Ministry of Health (MOH), which monitors human health, have improved their detection and response capabilities (Reftel). During the past two years, LBVD teams have culled a total of 439,895 chickens,

357,305 quail, 98,500 chicken eggs, and 76,758 quail eggs. Private farmers owned the majority of poultry and poultry products culled.

¶3. (SBU) The GOB does not keep statistics on the economic impact of AI outbreaks, nor does it evaluate how these outbreaks affect farmers' livelihoods. Working with LBVD and business contacts, we were able to estimate the market value of the different poultry products culled: chickens were worth between 1,000 and 2,000 kyat each (\$0.80-1.60), quail were worth 200 kyat (\$0.16), chicken eggs were 85 kyat each (\$0.07), and quail eggs were 20 kyat each (\$0.02).

The total value of poultry products culled was approximately 926,873,540 kyat, or approximately \$741,498. On average, each chicken farm lost poultry worth 1,946,612 kyat (\$1,557), not including future revenues, and each quail farm lost an average of 401,390 kyat (\$321) due to culling. Considering that the average Burmese earns \$23/month, these losses are substantial.

Economic Value of Burma's AI Outbreaks
2006-2007

Area	No. of Farms Affected	Total Culled	Market Value*
Mandalay (2006)	180 Ckn Farms 68 Quail Farms	236067 Ckn 172997 quail 91353 ckn egg 50000 quail egg	472,134,000 34,599,400 7,765,005 1,000,000
Sagaing (2006)	228 Ckn Farms 69 Quail Farms	100023 Ckn 150613 quail 7075 Ckn egg 26758 quail egg	200,046,000 30,122,600 601,375 535,160

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Rangoon (Feb 07) 23 Ckn Farms 65000 Ckn 131,732,000

Rangoon (May 07) 1 Ckn Farm 866 Ckn 1,732,000

Bago (June 07) 1 Ckn Farm 690 Ckn 1,380,000

Bago (July 07) 1 Ckn Farm 5213 Ckn 10,426,000

Mon (July 07) 2 Ckn Farms 980 Ckn 2,940,000

Bago (Oct 07) 48 Quail Farms 40000 Quail 8,000,000

Shan (Nov 07) Village farms 22804 Ckn 22,804,000

Shan (Dec 07) Village Farms 1056 Ckn 1,056,000

Total 926,873,540

Source: compiled from LBVD

*Value in kyat

Compensating the (Some) Farmers

¶4. (SBU) While the GOB technically has a compensation plan on the books, more often than not, it provides no funds to reimburse farmers for their loss (Ref B). When payment does occur, it often takes the form of in-kind compensation, such as cell phones, low-cost loans, vitamin supplements for poultry, or day-old chicks, rather than cash.

¶ 15. (SBU) In 2006, the government provided 323 farmers from Mandalay and 150 farmers from Sagaing cell phones. Each cell phone was worth 1,500,000 kyat (\$1,200). We understand that many farmers resold their phones for approximately 3 million kyat, earning a profit of \$2400. Additionally, the Myanmar Livestock and Fisheries Development Bank in 2006 offered farmers in Mandalay and Sagaing Division low-cost loans totaling 57 million kyat (\$45,000) at a rate of 19 percent (half of the current market rate in Burma). Farmers had one year to pay back the loan, although LBVD officials could not confirm that repayment occurred.

¶ 16. (SBU) Farmers also received support from the Food and Agriculture Organization (FAO) in 2006. FAO provided the GOB's Livestock Feedstuff and Milk Produce Enterprise with 300 grant parent stock chickens to produce day-old chicks. Between September 2006 and January 2007, the GOB distributed 83,670 day-old chicks worth 35.4 million (\$28,000) kyat to farmers in Sagaing and Mandalay Division, replacing only 0.01 percent of chickens and quail culled. FAO also distributed 15.6 million kyat worth of poultry vitamin supplements to farmers in Sagaing and Mandalay Divisions in 2006.

¶ 17. (SBU) The GOB also provided some compensation to farmers in 2007, although less than in the previous year. The Ministry of Post and Telecommunications distributed 38 cell phones to the 24 AI-infected farms in Rangoon, which included several military farms. Some farmers resold these cell phones, earning an estimated profit of 1.2 million kyat (\$960). Farmers from Bago Division, Mon State,

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and Shan State did not receive cell phones.

¶ 18. (SBU) The FAO continued to provide assistance to farmers in 2007, donating 13.9 million kyat worth of vitamin supplements to farmers in Rangoon Division, 4.7 million kyat worth in Bago Division, 300,000 kyat worth in Mon State and 900,000 kyat worth to Eastern Shan State. We understand that the GOB also provided day-old chicks to several farms in Rangoon and Bago, although many went to military-owned farms. Village farms in Shan State may receive native chickens (rather than commercial-quality chickens) to replace their lost stocks, LBVD officials told us.

¶ 19. (SBU) According to LBVD, the GOB, led by the Rangoon Division Broiler Producer Association, will establish a revolving fund for AI, which will enable farmers affected by AI to rehabilitate and restock their farms. The Association estimates it will collect at least one million kyat per month from farmers and live bird market stores, which should contribute one kyat per bird. The Myanmar Livestock and Fisheries Development Bank will hold the funds, and will disburse them to AI-infected poultry farms as compensation.

Comment

¶ 10. (SBU) Burmese farmers continue to struggle to recover from the financial losses due to AI outbreaks. International organizations have been reluctant to assist with compensation to avoid reimbursing the Burmese military. While military farms received compensation in 2007, the majority of private farmers continue to wait for some GOB assistance, which will likely never come. Officers at LBVD are sympathetic to the farmers' plight and recognize the need for a comprehensive compensation plan, but have little means by which to offer assistance. Should more AI outbreaks occur in remote areas where communications are rudimentary, we have less confidence that farmers will report possible AI outbreaks to local LBVD officials. Until Burma has a compensation plan that ensures civilian farmers receive compensation, they will have little incentive to report outbreaks.

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